

Message Text

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14

ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 IO-15 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 PA-03 USIA-15 PRS-01 DRC-01

/192 W

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R 050653Z OCT 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 7275

INFO AMEMBASSY BONN

AMCONSUL HONG KONG

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USEC MISSION BRUSSELS 995

USOECN MISSION PARIS

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PASS TREASSURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJ: MOF REACTIONS TO NAIROBI MEETING

SUMMARY: FOLLOWING HIS RETURN FROM NAIROBI, MINFIN
AIICHI DEEMED SIGNIFICANT MINISTERS' DECISION TO SET
JULY 31, 1974 AS DEADLINE FOR COMPLETION OF MONETARY
REFORM AND INDICATED JAPAN'S WILLINGNESS TO CONTINUE
IN ROLE OF MEDIATOR TO BRING ABOUT CONSENSUS ON
CRUCIAL ISSUES. AIICHI ALSO SAID JAPAN WOULD WELCOME ENTRY OF
PRC INTO IMF. MOF HEAD OF INTL. ORGANIZATIONS DIV
LATER OFFERED SOMEWHAT MORE SOBER, ALTHOUGH
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OPTIMISTIC, VIEW OF OUTCOME OF NAIROBI MEETINGS

AND FUTURE REFORM DISCUSSIONS. END SUMMARY

1. DURING AIRPORT NEWS CONFERENCE HELD FOLLOWING MINFIN AIICHI'S RETURN FROM NAIROBI, PRESS REPORTED FINANCE MINISTER'S COMMENTS AS FOLLOWS. IN APPRAISING OUTCOME OF NAIROBI SESSION, HE STATED IT WAS "HIGHLY SIGNIFICANT" THAT UNANIMOUS AGREEMENT HAD BEEN REACHED ON NEED TO COMPLETE MONETARY REFORM DISCUSSIONS BY JULY 31, 1974. HE INDICATED QUESTION OF HOW TO ADJUST PAYMENTS IMBALANCES AND RESTORE CURRENCY CONVERTABILITY WOULD BE DISCUSSED IN DETAIL AT C-20 DEPUTIES MEETING IN JANUARY. AIICHI BELIEVED PRIORITY WOULD ALSO BE GIVEN TO QUESTION OF DEFINITION OF VALUE OF SDR AT THAT TIME, ACCORDING TO PRESS REPORT.

2. REPORT THEN STATED THAT AIICHI ENVISIONED JAPAN AS CONTINUING TO PLAY MEDIATORY ROLE IN ATTEMPTING TO BRING ABOUT CONSENSUS ON CRUCIAL ISSUES WHICH HE FELT RELECTED THE CONFLICTING INTERESTS OF MAJOR COUNTRIES. AIICHI WAS QUOTED AS STATING "IT WILL BE MORE IMPORT TO REACH APOLITICAL COMPROMISE THAN TO CONCENTRATE ON TECHNICAL DETAILS."

3. ON QUESTION OF ENTRY OF PRC INTO IMF, REPORT QUOTED AIICHI AS SAYING THIS WOULD BE "VERY MUCH WELCOMED" BY JAPAN WHICH ADVOCATES A "ONE-WORLD ECONOMY." AIICHI MADE NO COMMENT REGARDING FUTURE STATUS OF ROC MEMBERSHIP IN THE IMF.

4. IN CONVERSATION WITH HEAD OF INTERNATIONAL ORGANIZATIONS DIVISION, MOF (WHO ALSO ATTENDED NAIROBI MEETING), ASST FINATT WAS TOLD RESULTS OF ANNUAL MEETING WERE VIEWED AS "DISAPPOINTING" WITH LITTLE IN THE WAY OF PROGRESS ACHIEVED. OFFICIAL DID INDICATE, HOWEVER, THAT HE FELT "MOMENTUM HAD NOT BEEN LOST" AND THAT DECISION ON PART OF MINISTERS TO COMPLETE REFORM DISCUSSIONS BY END OF JULY 1974 WAS IMPORTANT (THOUGH HE FEELS CONSENSUS GROWING THAT THERE MAY BE ONLY 50-50 CHANCE THAT DISCUSSION WILL BE LIMITED OFFICIAL USE

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CONCLUDED BY THAT TIME). SAME OFFICIAL STATED THAT, AS BALANCE OF PAYMENTS SITUATION MOVED CLOSER TO EQUILIBRIUM FOR MANY COUNTRIES (NOTABLY FOR JAPAN AND U.S.) OVER NEXT SEVERAL MONTHS AND AS INTERNATIONAL COMMODITY PRICES DECLINE AND WORLDWIDE INFLATION ABATES, MAJOR COUNTRIES MAY BE MORE ABLE AND WILLING TO MOVE TOWARDS COMMONLY ACCEPTABLE SOLUTIONS IN MONETARY REFORM DISCUSSIONS. HE

OFFERED VIEW THAT AT PRESENT JAPAN COPING WELL WITH
GENERAL SYSTEM OF FLOATING RATES AND THAT SO LONG AS
DE FACTO ORDER IN MARKETS IS MAINTAINED AND IMPROVE-
MENT CONTINUES IN FIGHT AGAINST INFLATION AND IN
BALANCE OF PAYMENTS SITUATION, JAPAN WILL NOT FIND
IT DIFFICULT TO CONTINUE UNDER PRESENT SITUATION FOR
SOME TIME INTO THE FUTURE. HE REITERATED, HOWEVER,
JAPAN IS ANZIOUS THAT COMPLETION OF MONETARY REFORM
BE ACCOMPLISHED AS SOON AS POSSIBLE.

5. LITTLE ADDITIONAL PRESS COVERAGE GIVEN TO
OUTCOME OF NAIROBI MEETING.
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